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MEMORANDUM FOR DIRECTOR, ADVISORY, INSOLVENCY AND QUALITY

FROM: Frederick W. Schindler /s/ **Frederick W. Schindler**
Director, Collection Policy

SUBJECT: Reconciliation of non-Insolvency LAMS Reports

This memorandum provides interim guidance regarding procedures for the required reconciliation of Non-Insolvency Litigation Accounts Management System (LAMS) Reports by Advisory. Internal Revenue Manual (IRM) 25.3, Litigation and Judgments, currently states that (at least) an annual reconciliation of LAMS case listings will be made against the ICS inventory. Information and procedures in the attachment to this memorandum will aid in the reconciliation process, and procedural guidance will be incorporated into IRM 25.3 as a new section.

Please ensure that this information is distributed to all affected employees within your organization.

If you have any questions concerning this memorandum, please contact me or have a member of your staff Marc Aronin Program Manager, Technical (Advisory), or a member of your staff may contact Cynthia A. Schuh Program Analyst, Technical (Advisory).

Attachment

cc: www.irs.gov

Kevin McGrath, Appeals, IMD Coordinator
Gregory Kane, Chief Financial Officer (CFO)

Instructions for Reconciling Non-Insolvency Litigation Accounts Management System (LAMS) Reports (rev. 5-2010)

Purpose of Non-Insolvency LAMS Report Reconciliation

- Verify accuracy of lists against open Advisory cases on ICS.
- Reverse TC 520s for cases within your Advisory group's jurisdiction when case closing is warranted.
- Reverse invalid/outdated TC 520s for cases within your Advisory group's jurisdiction when closed cases are identified.
- Ensure TC 550s with proper definer codes are input, when warranted, prior to requesting reversal of TC 520s.
- Coordinate with other Advisory groups, as needed, for entities on your LAMS list that are or were assigned to another Advisory jurisdiction.
- Ensure all TC 521, TC 522 and/or TC 550 inputs have updated (posted) to IDRS prior to case closing.

Background Information

What is a Litigation Accounts Management System (LAMS) Report?

A LAMS Report is a listing of cases with unreversed Transaction Codes (TC) 520s.

What is the Non-Insolvency LAMS Report?

The Non-Insolvency LAMS Report contains taxpayer accounts with an open TC 520 with a closing code (cc) that is not used in an insolvency case. The following cc's are included: 70, 71, 72, 73, 74, 75, 76, 77, 80 & 82. The inclusion of taxpayer entities on a LAMS report generated for a particular jurisdiction (geographic area) is based on the **current** Universal Location Code (ULC) as shown on IDRS for these entities. Generally, the ULC of the taxpayer entity would be within the jurisdiction of the Advisory group assigned to the case, unless the taxpayer moved after the litigation at issue commenced.

How is a Non-Insolvency LAMS Report generated?

LAMS data is extracted from IDRS to the Automated Insolvency System (AIS-4) on a quarterly basis, generally in cycles 04, 17, 30 & 45. LAMS Reports may only be retrieved by employees profiled for AIS-4 access (requires approval via OL5081). For those Advisory groups who do not have AIS-4 access, requests for Non-Insolvency LAMS Reports should be made to the Chief, Insolvency in that jurisdiction. The Advisory group's request must specify the ULCs needed (those within the jurisdiction of the Advisory group making the request), the TC

520 cc's needed for each respective ULC **and also include a request for the “multiple closing codes” report for each respective ULC.**

The AIS-4 Welcome Screen is documented with the date of the most recent LAMS data extraction from IDRS to AIS-4. Whenever LAMS reports are run, the dates listed on the reports will simply be the actual print dates.

Note: Regardless of when LAMS reports are printed, until new IDRS data has been extracted to AIS-4, LAMS reports will continue to show the same accounts information even if subsequent changes have been made to those accounts on IDRS. Also, once a new cycle's downloads have been made, the prior cycle's downloads will no longer be retrievable from AIS-4. Therefore, it is important to retain copies of (at least) the most recent LAMS Reports reconciliation, along with supporting documentation. Retention of this data will likely be beneficial in analyzing and reconciling the next LAMS Reports issued.

How often must Non-Insolvency LAMS Reports reconciliation take place?

Annually.

What information is contained on the Non-Insolvency LAMS Report?

Non-Insolvency LAMS Case Listings contain the following data fields:

- **ULC** (Universal Location Code)
- **TIN** (Taxpayer Identification Number)
- **TFS/TFC** (Taxpayer File Source or Taxpayer File Code – This field may be blank or contain a literal “*, N, V, W, P, or X”)
- **NC** (Name Control)
- **MFT** (Master File Transaction)
- **Tax Period**
- **CC1** (first TC 520 closing code input)
- **CC2** (second TC 520 closing code input, if any)
- **520 Cycle 1** (cycle of IDRS input of CC1 – this field is shown on the PDF & HTML versions of the LAMS Reports)
- **UNREV 52/UNREV 52** (these fields are shown on the Excel version of the LAMS Reports & reflect the cycles for both TC 520 - CC1 & CC2 – IDRS inputs)
- **Taxpayer** (taxpayer name)
- **Assessed Mod Bal/Assessed Balance** (the assessed balance due of the account listed as of the date the data was extracted from IDRS)

Note: Taxpayer entities listed on LAMS reports are based on the **current geographic location/ULC** (primary location or “**PRIMARY-LOC>**” on IDRS) of the taxpayer, so some entities listed may not be in the same location as the

Advisory group that initiated the TC 520(s) input. This can create a unique challenge for Advisory groups in their LAMS Reports reconciliation.

Access the IRM 5.19.1 Balance Due Job Aid at the following link for a complete ULC listing of ULCs assigned by state - it also includes Area Office (AO) assignments within each BOD code: http://serp.enterprise.irs.gov/databases/irm-sup.dr/job_aid.dr/5.19.dr/5.19.1-5.htm

The Advisory group that initiates TC 520 input(s) is required to keep an open case on ICS and maintain proper litigation case controls. These controls include ensuring that any required TC 550s and TC 521s/TC 522s are input and correctly posted to IDRS, prior to case closing. Therefore, it is critical for Advisory to open an ICS case for each (TIN driven) entity for which it initiates a TC 520 input.

For most if not all Advisory groups, the Non-Insolvency LAMS Case Listings will not be all-inclusive for the TC 520 cases that have been initiated and are being controlled in any given area. Again, this is because entities shown on LAMS listings are based on the current geographic location of the taxpayer. That is why it is also extremely important for Advisory groups to coordinate with one another to help ensure timely resolution of TC 520s. The LAMS listings are a tool to be used along with other means of maintaining proper case controls, such as matching hard-copy case files against ICS inventory listings, ensuring CSED protection via IDRS reviews, utilizing ALS to ensure timely lien refiles, etc.

What TC 520 closing codes is Advisory responsible for reconciling on the Non-Insolvency LAMS Reports?

Advisory is responsible for reconciling all taxpayer accounts with TC 520 closing codes 70, 75, 80 and 82 and is responsible for reconciling all MFT 55 accounts for cc71 & cc73 (Campus Refund Litigation Units have the responsibility for all other MFTs for cc71 & cc73). *For more information and a complete listing of all Non-Insolvency closing codes, see the listing at the end of these instructions.*

Prior to IRM revisions in June 2005, TC 520 cc81 was also used by Advisory on all tax periods for which a proof of claim was filed in a probate case. Closing code 80 is now used in probate cases when the collection statute has been suspended due to assets of the probate estate being in the control or custody of the court – IRC § 6503(b).

NON-INSOLVENCY LAMS REPORT RECONCILIATION

Generating Non-Insolvency LAMS Reports

Step by Step Instructions:

1. Access the AIS-4 Oracle Application Server.
2. Log into AIS-4 – you will now be on the AIS Welcome Screen.
3. Under “Misc Options” on the left, select (left-click) “Reports”.
4. Use the scroll bar to the right of the Reports listing; scroll down until you find the “LAMS” heading (it will be hidden from sight until you scroll the list up).
5. Select “Non-Insolvency Listing”.
6. To the right of the screen under “Other”, you will see “Universal Location Code” (ULC) with the default set at “All”. Below the ULC, you will see “Unique Closing Code” with the default set at closing code “70”. The “Report Output Format” default will show “SPREADSHEET”.
7. Using the scroll bar on the Universal Location Code, change the selection from “All” to the desired ULC location.
8. Using the scroll bar on the closing code, select the cc desired.
9. Using the scroll bar on the Report Output Format, select the format desired: SPREADSHEET (Excel), PDF or HTML (you may wish to run a sample report in each of the formats available to see the actual output for each). All three (3) report formats list the cases in ascending TIN order, but the SPREADSHEET (recommended) allows you to sort the data for up to three (3) of the fields in the Excel version (including alphabetical). The PDF & HTML reports data cannot be sorted.
10. After selecting the desired ULC, closing code and report format, left-click “Run Report” in the blue bar on the bottom of the screen and wait for your report to format. After the report data has been downloaded, you will be prompted to open, save or cancel the report requested. Upon opening, if the report requested contains header fields only (no taxpayer data shown), then there are no taxpayer cases for the ULC/closing code you requested.
11. If your case listing does show taxpayer data, and you have selected the SPREADSHEET format, you may first have to **save** the report to your computer in order to utilize the sort feature. Open the saved report, left-click “Data” from the tool bar on the top of the page, then select “Sort” on the drop-down menu to make the selections desired. Also, print SPREADSHEET Reports in Landscape (vs. Portrait) format in order to capture all of the fields of a report page on a single sheet. Left-click “File” from the tool bar on top. Select “Page Setup” from the menu. Left-click in the circle next to “Landscape”. Left-click Print. After successfully printing, close the report.

12. A "LAMS Non-Insolvency Case Listing" must be printed for each ULC assigned to a respective Advisory group for each of the TC 520 closing codes for which Advisory has reconciliation responsibility.
13. After securing all of the referenced LAMS Non-Insolvency Case Listings specified (in 11 above), change the selection from "Unique Closing Code" to "Multiple closing codes". Once again, select the ULC for each location assigned to a respective Advisory group. This list may include taxpayer cases that have both Advisory and bankruptcy closing codes that might otherwise not be captured elsewhere.

Reconciliation Process

1. Research the Integrated Collection System (ICS) to determine if there is an open Advisory case control for each taxpayer entity. If found:
 - a. Note the LAMS listing with the case code and ICS assignment for open cases within your Advisory jurisdiction. Document the ICS history "Open TC 520 ccXX LAMS case." XX = the actual cc
 - b. If you find a case that is not within your Advisory jurisdiction, note the LAMS listing with the case code and the ICS assignment of the office to which it's assigned & document the ICS history "Open TC 520 ccXX LAMS case", including the MFT/tax periods to which the TC 520(s) have been input. This will generate a notification to the assigned advisor due to your non-assigned case access and will aid in proper TC 520 case controls.
2. If an Advisory case is not open on ICS, review ICS closed case or archive histories (if any):
 - a. If the Advisory case was previously worked on ICS, the history may provide sufficient information to determine the proper status and disposition of the account. Archived case information is available online when connected to the LAN (See Chapter 9 – Entity Detail of the ICS User Guide) and can be requested for cases closed on ICS more than six months but less than three years when needed.
 - b. If the information to resolve a case within your Advisory jurisdiction is found to have been closed on ICS, open new ICS case controls, and take the proper action to resolve any unreversed TC 520(s). If a TC 550 is required, it must be input with the proper definer code prior to reversal of the TC 520.
 - c. If ICS closed case or archive data is found on a case that is not within your Advisory jurisdiction, send the LAMS case data to the appropriate Advisory group for resolution. LAMS data can be sent electronically via Secure Message or in hard copy on F3210. Document your copy of the LAMS listing with the disposition and associate any relevant documentation (ICS archive, F3210, Secure Message, etc.) with your LAMS listing for future reference.

3. If no open, closed or archive data is on ICS, review IDRS:
 - a. Review the Document Locator Number (DLN) for each TC 520. The first two (2) digits of very old TC 520 inputs may reflect the ULC of the location that initiated the TC 520 inputs. Due to centralization, the first two (2) digits of most TC 520 inputs will reflect the DLN of the campus location where the input was made.
 - b. Also review DLNs of other inputs (TC 300s, etc.) to help identify the location/origin of the TC 520 input.
 - c. Check for multiple TC 520s. Each TC 520 must be reconciled.
 - d. Utilize cc ENMOD and/or cc INOLES to look for x-ref Taxpayer Identification Numbers (TINs) for spouse, or d/b/a Employer Identification Numbers (EINs) of related entities. A TC 520 may have been input on all related entities, but a prior TC 521/522 may only have been input on one (1) of the x-ref entities. INOLES may also provide a DOD (date of death) on a decedent case.
 - e. Check IDRS for TC 52X activity on other tax periods. You may find TC 521 inputs to other tax periods for the cc you are researching.
 - f. Check the IDRS cycle of the TC 520 for the year of input. The IDRS cycle year may be much more current than the actual date of the TC 520, indicating more recent Advisory account activity.
 - g. Check history and control bases (open and/or closed) on cc TXMOD and/or cc ENMOD for data regarding the nature of case activity.
 - h. Utilize cc IRPTRL, cc RTVUE and/or BRTVU for other possible address information that may help to identify the origin of the Advisory group that initiated the TC 520 input.
 - i. On unidentified cases that are new to your LAMS listing (not listed on the last LAMS reports run), but that contain TC 520s prior to the current year, check cc ENMOD for a recent change of address. On cc ENMOD, see ADDR-CHG-CYC> (this field is located to the right of the street address of the taxpayer and will contain the IDRS input cycle of the most recent change of address).
 - j. Look for any and all clues IDRS may provide such as current or prior criminal investigation (CI) freeze code inputs (TC 910, TC914, TC 918), then contact the respective CI coordinator for that area.
 - k. On imminent CSED, high-dollar and/or high-profile cases, use cc ESTAB (using the DLN of the TC 520) to secure a copy of the document used to request the TC 520 (i.e. F3177, F4844, etc.) to identify the requestor of the input.
4. Use PACER (Public Access to Court Electronic Records) to research suits, judgments, etc. (access requires OL5081 approval) to locate information on open/closed court cases. Names searches can be done here by various court venues, including the nationwide U.S. Party Case

Index. Access the PACER home page @ <http://pacer.psc.uscourts.gov/> to review all available research options.

5. Contact the Department of Justice and/or your local Area Counsel to request a search to identify assignment of open or closed cases.
6. If a TC 520 input was requested by another Advisory group, request reconciliation by that Advisory group. **Do not reverse any TC 520s requested by another Advisor.** It is the responsibility of the Advisor who requested input of the TC 520 to ensure that the code is still valid or take proper closing actions to complete and resolve the case.
7. Retain copies of reconciliation information/documents with the Non-Insolvency LAMS Report so discrepancies on future reports can be analyzed more readily.

Instructions for Reversing or Correcting the TC 520 and TC 550 Updates

1. If the TC 520 is to be closed, prepare Form 4844, Request for Terminal Action, to request TC 521 input. **If a TC 550 CSED extension is required, prepare F4844 for TC 550 input, including the required definer code, prior to requesting input of the TC 521.** See IRM 5.1.19.2.3(2) (rev. 06-04-2009) for a complete list of TC 550 definer codes. If the original TC 520 was created erroneously, a TC 522 input is used to reverse the TC 520. **On any modules requiring a TC 550 input, the transaction date of the subsequent TC 521 input must be after the transaction date used for the TC 550.**
2. Process Form 4844(s) to the appropriate Centralized Case Processing (CCP) Unit for your area or utilize the appropriate Field Office Resource Team (FORT) after securing appropriate managerial approval, when needed.
3. Monitor the input of the TC 550, TC 521 or TC 522 to ensure proper posting and updating on IDRS prior to closing the ICS case. Occasionally, inputs become unpostable. If this happens, IDRS must be analyzed to determine the cause of the problem and initiate the appropriate correction. For unpostable TC 550 inputs, see the Unpostable Codes in Section 8 of the IRS Processing Codes and Information book, Document 6209. Specifically, review UPC 178 reason codes for IMF and UPC 344 for BMF to aid in determining the corrective action needed.

Note: Some TC 520 closing codes require that the closing code also be used when the TC 521 is input; others do not. If an incorrect TC 521 (cc or no cc) is used, the transaction will go unpostable on IDRS. **See the TC 520 Closing Code Chart in Section 11 of the IRS Processing Codes and Information book (Document 6209), pages 11-38 & 11-39 of the 01-2010 revision for a complete list of TC 520 closing codes, their respective characteristics and whether or not the closing code is required in reversal.**

TC 520 CLOSING CODES FOR NON-INSOLVENCY LAMS REPORT

The following is a list of TC 520 closing codes for each type of LAMS Non-Insolvency Case Listing. The characteristics of each closing code (cc) are specified as per the IRS Processing Codes and Information book (Document 6209). Some IRM references are provided, and procedural recommendations are included for list processing.

TC 520 cc 70

- Suits by or against the United States, including:
 - Foreclosure of Federal Tax Lien only (cc80 is used in a simultaneous suit for lien foreclosure and to reduce assessments to judgment)
 - Failure to Honor a Levy
 - Open Safe Deposit Box
 - Injunction action
 - Wrongful levy
- CSED is NOT suspended
- Account status is changed to Status 72 on IDRS

Note: From 1/18/99 to 1/1/2000, cc70 was also designated for use in Collection Due Process (CDP) cases. In some CDP cases that were filed after 1/1/2000, TC 520 cc70 continued to be used (in error) due to delays in dissemination of information of the new CDP TC 520 cc76 and cc77 inputs to be used. Any taxpayer account with a TC 520 cc70 input prior to the 1/18/99 CDP TC 520 implementation date should be researched further by Advisory as these would not be CDP cases.

Follow the instructions in **Reconciliation Process** when working this list.

On cases where CDP TC 520s cc70 may still be outstanding in error, a trend may be noted on the TXMOD to help identify these. On TXMOD, a TC 971 action code (ac) 69 is present to document that a Due Process Notice had been issued; TC 971 ac66 would follow (Return receipt signed); then TC 520 cc70 (CDP). Note that this sequence of transaction code inputs does not preclude the possibility that cc70 was input relative to a suit-type case. It is suggested that Advisory groups work in conjunction with Appeals offices toward identification, resolution and correction of any outstanding TC 520's cc70 that were previously input in conjunction with the processing of CDP cases. TC 520 cc70 inputs were also used by the Automated Collection Branch (ACS); these accounts would not have been in status 26 (field assignments), only status 22/24 (ACS/Queue).

TC 520 cc 71

- Refund Litigation
- CSED is NOT suspended
- Account status is NOT changed to Status 72 on IDRS

When a refund claim or suit on a Trust Fund Recovery Penalty (TFRP) case is submitted, and it does not meet criteria for input of TC 520 cc82 (see specifics for use of cc82 in this document), TC 520 cc71 may be used. Since the MFT 55 account at issue will not be suspended to Status 72 with this TC 520 input, it simply creates a -W “flag” on the account. Advisory is responsible for reconciliation of MFT 55 accounts only.

Follow the instructions under **Reconciliation Process** when working this list for MFT 55 accounts.

TC 520 cc 72

- Tax Court cases controlled by Appeals
- CSED is NOT suspended
- Account status is NOT changed to Status 72 on IDRS

Accounts on this list are controlled by Appeals; therefore, there is no requirement for Advisory to request or reconcile this listing.

TC 520 cc 73

- Refund Litigation
- CSED is NOT suspended
- Account status IS changed to Status 72 on IDRS

Presumably, this closing code would be used by Advisory on a very limited basis because it suspends the module from active collection to Status 72 on IDRS, but it does not suspend the CSED. For this reason, it generally would not be used by Advisory, but could be used on a TFRP refund litigation case if warranted. *Refund suits for all other MFTs are the responsibility of Service Center Refund Litigation Units* (also, see criteria for use of TC 520 cc82 and TC 520 cc71).

Follow the instructions under **Reconciliation Process** when working this list for MFT 55 accounts only.

TC 520 cc 74

- Tax Court cases controlled by Area Counsel
- CSED is NOT suspended
- Account status IS changed to Status 72 on IDRS

These cases are worked and to be controlled by Appeals, in conjunction and coordination with Area Counsel. Advisory is not required to request or reconcile this listing.

As per all other Non-Insolvency LAMS Report, taxpayer entities are listed based on the current geographic location of the taxpayer as per IDRS; therefore, some taxpayer entities may not be assigned to the local Area Counsel office (nor would these cases then appear on Counsel's General Litigation (GL) listings for the respective area). Area Counsels do have a national system for researching case assignments, however. It is CASE-MIS (Counsel Automated Systems Environment-Management Information System). If, for any reason, Area Counsel does request such a listing and the respective local Advisory is assisting in resolution on a special project, Advisory should alert Area Counsel to the "geographic" nature of the listing so that a CASE-MIS search can be conducted for re-routing list copies to the appropriate Area Counsel office(s).

TC 520 cc 75

- CSED is NOT suspended
- Account status is NOT changed to Status 72 on IDRS

Based on the characteristics of cc75, use of this closing code is appropriate in a suit-type such as Failure to Honor a Levy, especially where only a partial satisfaction of a taxpayer's balance due would be realized. In an action of that type, the liability would remain open for additional collection activity as warranted. Input of TC 520 cc75 simply creates a -W "flag" on the account.

Follow the instructions in **Reconciliation Process** when working this list.

TC 520 cc 76 & 77

- TC 520 cc 76 – Collection Due Process (CDP) cases under IRC § 6320 (filing of Notice of Federal Tax Lien)
- TC 520 cc 77 – Collection Due Process (CDP) cases under IRC § 6330 (levies)
- Input and controlled by Appeals
- CSED is suspended
- Account status is changed to Status 72 on IDRS

Accounts on this list are controlled by Appeals in conjunction with Collection; therefore, there is no requirement for Advisory to request or reconcile this listing.

Effective 1/1/2000, TC 520 closing code 76 was created for use in Collection Due Process (CDP) cases involving taxpayer lien issues; TC 520 closing code 77 was created for use in CDP cases involving taxpayer levy issues (cc76 is also used when both levy & lien issues are involved). Commencing 1/18/99, and prior to the creation of cc's 76 & 77, **TC 520 cc70** (originally used for suit-type litigation cases only) was also designated for use on all types of CDP cases. With the implementation of TC 520 cc's 76 & 77, cc70 reverted for use in suit-type litigation cases only. See the TC 520 cc70 narrative; numerous CDP accounts still showed that cc70 was used after the 1/1/2000 implementation date for cc76 & cc77. All CDP cases, regardless of their points of origin (field, ACS or customer service centers) will appear on the cc76 & cc77 LAMS listings.

TC 520 cc 80

- Suits to Reduce Assessments to Judgment
- Suspension of CSED pending application of proceeds of sale from a pre-CSED seizure – see IRM 5.1.19.4(3) (rev. 06-04-2009)
- Suspension of CSED pending application of levy proceeds to expired module(s) from a Notice of Levy **that was served pre-CSED** – see IRM 5.1.19.4(4) (rev. 06-04-2009). Note for wages levies - Proceeds from a Notice of Levy **that was served pre-CSED and for which wages were earned pre-CSED may only be applied** to modules for which the CSED expires thereafter.
- Effective 6/23/2005, used in probate cases when the collection statute is suspended due to assets of the probate estate being in the control or custody of the court – see IRC § 6503(b).
- CSED is suspended
- Account status is changed to Status 72 on IDRS

Follow the instructions in **Reconciliation Process** when working this list.

In a successful Suit to Reduce Assessments to Judgment, a TC 550 (definer code 04) must be input prior to reversal of TC 520. See **Note** below. TINs on the cc80 list should be screened against ICS to identify active Advisory cases. ICS Archive Transcript reviews may also be needed for Advisory cases that were previously closed but for which there may have been a failure to complete IDRS inputs, including required TC 550 CSED extensions and TC 520 reversals.

Note: Although a TC 520 cc80 suspends the CSED on a respective TXMOD to which it is input, it will not systemically extend the CSED when it is reversed. If a CSED extension is warranted (i.e. Judgment granted in district court), a TC 550

(definer code 04 for Judgments) must be input. The TC 550 must be input prior to input of the TC 521 – see IRM 5.1.19.3.2.1(2) (rev. 06-04-2009). The transaction date of the TC 550 must be after the transaction date of the TC 520, but before the date of the original CSED; the transaction date of the subsequent TC 521 input must be after the transaction date used for the TC 550.

Also, credits posted to a TXMOD after a TC 520 cc80 has been input but prior to its reversal, will not refund, even if the collection statute is shown to be expired upon subsequent input of the TC 521 (i.e. post-CSED application of sales proceeds from a pre-CSED seizure or levy).

TC 520 cc 82

- CSED is suspended
- Account status is changed to Status 72 on IDRS

This closing code is used to suspend a TFRP assessment from collection. See IRM 5.7.7.6.2 (04-13-2006). Also, note that the correct IRM cross-reference for related Policy Statement P-5-16 is IRM 1.2.14.1.4 (rev. 08-28-2007). In addition, see IRC §§ 6672(c) and 6331(i).

ALSO NOTE EXCEPTIONS TO LEVY SUSPENSE IN IRC § 6331(i)(3)(A) –
(i) Taxpayer files written notice with the Secretary waiving the levy restriction; or
(ii) The Secretary finds that the collection of such tax is in JEOPARDY.

Under IRC § 6672(c), the Service is required to withhold collection of the TFRP **before** a refund suit has been filed if (within 30 days after notice and demand for payment) the taxpayer:

- Makes payment to satisfy the divisible assessment
- Submits F843
- Furnishes a bond for an amount equal to 1 ½ times the unpaid portion of the TFRP (also, see IRM 5.6.1.2.1, rev. 07-01-2006)

The transaction date of a TC 520 cc82 input would be either the date the taxpayer complied with the aforementioned three (3) requirements or the date of the filing of a civil suit for refund in a district court case. TC 520 cc82 is used to stay collection until the final resolution of court proceedings and the taxpayer's claim for a refund.

During the pendency of a taxpayer's TFRP refund suit (suit against the U.S.) for tax periods beginning after December 31, 1998, the Service is now generally required by IRC § 6331(i) to refrain from issuing new levies to collect the remainder of the taxpayer's unpaid TFRP amounts that are at issue in the suit. See Policy Statement P-5-16 in IRM 1.2.14.1.4 (rev. 08-28-2007).

Note: Although a TC 520 cc82 suspends the CSED on a respective TXMOD to which it is input, it will not systemically extend the CSED when it is reversed. If the Government is not successful in its defense of a TFRP refund suit, the TFRP assessment must be abated or adjusted in accordance with the ruling of the court. Generally, the Government will file a counterclaim for judgment of the TFRP. If successful in this endeavor, a TC 550 with definer code 04 will be input to extend the CSED for 20 years from the date of docketing of the judgment prior to input of any TC 521.

Frequently Asked Questions

What if the LAMS taxpayer entity is assigned to another Advisory office?

Follow the instructions under **Reconciliation Process**. Use Publication 4235 or the SERP (Who/Where Tab) to locate the Advisory Groups. The current website address is:

http://serp.enterprise.irs.gov/databases/who-where.dr/technical_support.dr/tech_sup_index1.htm

What if a bankruptcy closing code is input after a Non-Insolvency TC 520?

Note that input of a bankruptcy (or other) TC 520 closing code might supersede an Advisory or other Non-Insolvency TC 520 for list purposes. In other words, a case that is still open as a suit might drop from a TC 520 cc70 list if the taxpayer subsequently files a bankruptcy petition for which a TC 520 cc85 (or other bankruptcy closing code) is input. These cases should then appear on the "Multiple Closing Codes" Non-Insolvency LAMS Case Listing for a given ULC (see item 13 under the **Step by Step Instructions** for **Generating Non-Insolvency LAMS Reports**).

Whenever a taxpayer entity is identified as having both an open Advisory-controlled (TC 520) case and an open bankruptcy case, it is strongly suggested that Advisory and Insolvency personnel closely coordinate with one another to ensure that neither Advisory nor Insolvency erroneously reverses the TC 520 inputs of the other.

When a taxpayer files bankruptcy, the automatic stay prohibits the commencement or continuation of a judicial or other civil action against the debtor (taxpayer). Accordingly, relief from the automatic stay must be obtained before any pending actions against the debtor may proceed.